

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 IO-10 ISO-00 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02 H-02

PA-01 PRS-01 USIE-00 SSO-00 NSCE-00 INRE-00 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 /084 W

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O 051723Z APR 75

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC NIACT IMMEDIATE 7911

USMISSION GENEVA

C O N F I D E N T I A L BOGOTA 3090

GENEVA FOR PHELAN

FROM US DELEGATION

EO 11652: GDS

TAGS: ETRD CO

SUBJ: TEXTILE NEGOTIATIONS

1. SUMMARY. DESPITE ALL-NIGHT EFFORT, ATTEMPT TO CONCLUDE MULTIFIBER AGREEMENT WITH GOC FOUNDERED AT LAST MOMENT OVER INABILITY TO AGREE ON METHOD OF HANDLING LARGE STATISTICAL DISCREPANCY IN MAN-MADE APPAREL. FOREIGN MINISTER LIEVANO MAY RAISE THIS QUESTION IN WASHINGTON DURING VIST NEXT WEEK. END SUMMARY.

2. STATISTICAL DISCREPANCY OF 20 MSY ON MAN - MADE FIBERS APPREARED DURING FIRST DAY OF NEGOTIATIONS. DISCREPANCY CAUSED BY MISCLASSIFICATION AND/OR MISAPPLICATION OF CONVERSION FACTORS BY GOC. BOTH SIDES THAT FIRST DAY RECOGNIZED DISCREPANCY. BEING ANXIOUS TO DEVELOP FRAMEWORK AND DETAILS OF POSSIBLE NEW BILATERAL, BOTH SIDES AGREED TO CONTINUE NEGOTIATIONS
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WITH EACH SIE HAVING ITS OWN SET OF DATA UPON WHICH BASE

THE AGREED-UPON PERCENTAGE INCREASES WOULD BE DEVELOPED.

3. THE FIRST DAY US SIDE PROPOSED, AND GOC SIDE ACCEPTED, THE NEED FOR GOC TEXTILE TECHNICIANS TO TRAVEL TO WASHINGTON IN NEAR FUTURE FOR JOINT STUDY OF GOC/US DATA IN ATTEMPT TO RESOLVE DISCREPANCIES. US SIDE POINTED OUT THAT PENDING SUCH STUDY-GROUP VISIT, AND RESOLUTION STATISTICAL DISCREPANCY, DETAILS--ESPECIALLY IN AGGREGATE AND GROUP LEVELS--WOULD BE IMPOSSIBLE TO FIX. THEREFORE NEGOTIATIONS WOULD HAVE TO PROCEED ON BASIS OF A MEMO OF UNDERSTANDING, HAVING BRACKETED FIGURES, I.E. ONE SET OF FIGURES FOR US SIDE BASED ON ITS DATA AND ANOTHER SET BASED ON GOC DATA. WE THOUGHT THIS WAS FULLY UNDERSTOOD BY GOC AND US SIDE REPEATEDLY REMINDED GOC NEGOTIATORS OF THE STATISTICAL DISCREPANCY.

4. WITH WE THOUGHT BOTH SIDES BEARING THIS IN MIND, NEGOTIATIONS ON PERCENTAGE INCREASES IN COTTON, MAN-MADE AND WOOL LEVERS, CONTINUED WITH SPECIAL EMPHASIS ON WOOL. UNTIL LATE AFTERNOON, APRIL 4, PROSPECTS FOR AGREEMENT APPEARED ONLY MODERATELY HOPEFUL DUE TO WOOL PROBLEM. HOWEVER, AFTER PRIVATE LUNCH WITH MINISTER DEVELOPMENT AND LONG PRIVATE DISCUSSIONS EVENING APRIL 4, GOC ACCEPTED US POSITION ON WOOL ISSUE AND AGREEMENT QUICKLY REACHED ON SPECIFIC LIMITS AND SPECIAL CONSULTATION LEVELS ON WOOL, ALL BASED ON US REPEAT US IMPORT DATA. BY EARLY MORNING, APRIL 5, US DELEGATION OPTIMISTIC AGREEMENT COULD BE REACHED. HOWEVER, AT LAST MOMENT IN GOING OVER DRAFT MEMO OF UNDERSTANDING INDUSTRY MEMBERS GOC DELEGATION FIRST QUESTIONED THEN REFUSED TO ACCEPT NOTION OF BRACKETED FIGURES FOR EACH SIDE CLAIMING GOC DELEGATION HAD MIS-UNDERSTOOD THIS PROCEDURE FOR HANDLING THE STATISTICAL DISCREPANCY. POSITION OF GOC CAME AS COMPLETE SHOCK TO US DELEGATION INASMUCH AS THIS MATTER HAD BEEN REPEATEDLY DISCUSSED IN BOTH OPEN AND PRIVATE SESSIONS, AND INDEED HAD BEEN BRIEFLY MENTIONED AT LUNCHEON APRIL 4 WITH DEVELOPMENT MINISTER RAMIREZ WHO SEEMED INDICATE HIS AWARENESS OF THIS PROBLEM ALTHOUGH IN RETROSPECT HE MAY NOT HAVE APPRECIATED ITS SIGNIFICANCE. IN SHORT, WHAT THIS NEW POSITION OF GOC

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DELEGATION MEANT WAS THAT AFTER TWO SIDES HAD AGREED ON ALL DETAILS, ON THE SPECIFIC LIMITS ON CONSULTATION LEVELS, ON HANDLING OF WOOL AND INDEED ON MEMO OF UNDERSTANDING, THE US WOULD HAVE HAD TO ADD ON NEARLY ANOTHER 24 MSY, AS THE GOC WOULD NOT ACCEPT OUR BRACKETED FIGURES REJECTING THE STATISTICAL DISCREPANCY.

5. IRONY OF NEGOTIATION FOUNDERING ON THIS POINT IS FACT

THAT BOTH DELEGATIONS AGREED THAT IN REAL TERMS THERE WAS NO DIFFERENCE AND THAT DISCREPANCY WAS RESULT OF ACCOUNTING PROCEDURES.

6. GOC DELEGATION HEAD EXPRESSED HIS GOVERNMENT'S CONTINUING DESIRE TO REACH AGREEMENT AND SAID THAT GOC SIDE RECOGNIZES NEED FOR STATISTICAL CLARIFICATION.

7. US DELEGATION DEEPLY DISAPPOINTED OVER FAILURE NEGOTIATIONS BECAUSE BOTH SIDES HAD WORKED LONG AND HARD TO ACHIEVE AGREEMENT AND SUCCESS HAD SEEMED VERY NEAR. DELEGATION STILL NOT CERTAIN WHETHER LAST-MINUTE CHANGE IN GOC POSITION RESULT OF DELIBERATE POLICY OR GENUINE MISUNDERSTANDING, THOUGH APPEARS TO BE LATTER.

8. FOREIGN MINISTER LIEVANO IS HIGHLY LIKELY TO RAISE TEXTILE QUESTION IN CONVERSATION WITH SECRETARY NEXT WEEK.
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